THE IMPACT OF SMALL AND MEDIUM ENTERPRISES (MSEs) ON TOURISM DEVELOPMENT IN KARNATAKA

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1. INTRODUCTION

According to the Organization for Economic Cooperation and Development, the notion of Small and Medium-Sized Enterprises (SMEs) was introduced into the development landscape as early as the late 1940s, with the primary purpose of enhancing commerce and industrialisation. There has been no uniform definition of SMEs since then (Mc Adam and Reid, 2005), which has been one of the key obstacles for researchers studying SMEs. Small and Medium-Sized Enterprises (SMEs) encourage economic growth, according to policymakers, economists, and business professionals. The vast majority of businesses globally are SMEs, and they play an important role in the economy (Mathiew, F 2010, Islam *et al.,* 2011).

Small, and Medium Enterprises have been seen as a thriving part of the Indian economy in recent decades. The micro, Small, and Medium-Sized Enterprise (SME) sector has been dubbed the "engine of growth" for emerging nations (Syal, S. 2015). SMEs provide a huge number of job possibilities at a cheaper capital cost than capital-intensive businesses, while also supporting the rapid industrialization of rural and backward areas. As a result, the SMEs sector helps to minimise regional disparities, ensuring a more equitable distribution of income and wealth in the economy. Small and Medium-sized Enterprises (SMEs) have long been thought to be critical to a country's economic success (Mazzarol *et al,* 1999).

One of the critical tasks of SMEs in this environment is poverty reduction via employment creation (Indarti and Langenberg, 2005). Small, and Medium Enterprises (SME) account for a considerable proportion of all enterprises, provide a significant source of employment, and produce significant domestic and export revenues in OECD, transition, and developing nations. Small, and Medium Enterprises (SME) cultivate entrepreneurial skills while also producing jobs and supporting industrial growth in an economy.

Entrepreneurship development and expansion of small, and medium-sized enterprises (SMEs) are seen as important to the health of the economy and one of the most significant breakthroughs in the expanding economy. Many individuals feel that entrepreneurship and economic growth are inextricably linked. Small and medium-sized enterprises (SMEs) have been referred to as a growth engine and a source of poverty reduction, but research conducted in 76 countries (Beck et al., 2003) indicates that directly subsidising their development is not appropriate, and there is no causal relationship between the SME sector and these goals.

Small and medium-sized businesses (SMEs) unquestionably contribute significantly to a location's competitiveness. Although big businesses have a considerable effect on the sort of what is given to certain markets, such as tour operators in relation to mass tourism, the most significant units of supply in most sectors are SMEs and, in many cases, micro firms. The level of involvement with such businesses thus has a considerable impact on the quality of the visitor experience. This fosters interdependence among tourist-related SMEs. If this is recognised (which is not always the case), it may be used to encourage cooperative behaviour that reflects the shared goal of effective destination development.

The potential and challenges to MSE engagement in tourism and have implications for policy linked to sustainable tourist development, regional economic growth, and rural livelihood enhancement (Mshenga, P. M., & Richardson, R. B. 2013). Tourism SMEs are equally important in terms of economic growth. This may be used in a number of ways. For starters, a healthy tourism economy - or conditions in which businesses anticipate visitors will be drawn to a place - offers opportunities for new business creation. This is essential in the context of alternative tourism since other types of investment, particularly in rural regions, are sparse. Though such businesses employ a small number of people, the number of jobs created by businesses that rely on visitor spending might be huge. Furthermore, the proliferation of independent businesses may suggest that a considerable percentage of the revenue generated by visitors remains in the region.

Although tourism has the potential for economic growth, not all types of tourism contribute positively to long-term economic development. Previously, the Kenyan government preferred mass tourism. Foreign investments in this kind and scale of tourism account for the vast majority. Local participation in the design and administration of tourism projects is also reduced (Akama, 1997), as is the utilisation of local labour, services, and materials. Tourism on a large scale also results in considerable foreign exchange leakage, fewer links, and less multiplier effects with other sectors of the economy.

The economic growth potential of tourism may be maximised by improving ties between tourism and other sectors such as agriculture and micro and small companies (MSEs). Foreign exchange leakage can also be reduced by encouraging local firms to open tourism venues and promoting local entrepreneurial activity (Joosten and

Marwijk, 2003). Local entrepreneurs not only boost host communities' tolerance boundaries for tourist activities, but also promote community stability by empowering local people and giving them a stake in tourism growth.

2. TOURISM IN A GLOBAL SCENARIO

The actions of people who travel to and stay in areas other than their typical surroundings for leisure, business, or other reasons for no more than one year. Indian Sanskrit literature is where the idea of tourism first emerged. It has given us three terms that are descended from the root word "Atana," which means going outside. Accordingly, we have the terms: Tirthatana, which means going outside and visiting places of religious significance, Paryatana, which means going outside for enjoyment and knowledge, and Deshatana, which means leaving the country primarily for financial gain. Tourism may be defined simply as the act of travelling for leisure, pleasure, or business goals and receiving services in the process. Since from 20th century, there have been several attempts to define tourism. It is defined differently by different persons, and the World Travel Organization's [W.T.O.] definition is the one that is most commonly used. The United Nations Statistical Commission adopted this at its 27th session, which took place from 22 February to 3 March 1993. According to the WTO, tourism includes the activities of people who go to and remain in locations outside of their normal surroundings for up to one year in a row for pleasure, business, and other reasons. The phrase "normal setting" is meant to exclude everyday routines such as going to the regular place of employment or attendance at school. Long-term migration is meant to be disallowed by the 12-month cut-off. There is no agreement on the distance travelled. For any purpose other than travelling to work, it can be anywhere between 40 and 160 kilometres away from home one way. The definition of tourism is that it results from people travelling to and staying in different locations. These are the five key aspects of tourism. Tourism generally consists of two components: (1) the travel to and stay at the location, including any activities. (2) Since the trip and stay are outside of the normal sites of habitation and employment, tourism results in activities that are different from those of the locals and workers in the areas where visitors travel and stay. Temporary, short-term movements are made with the intention of returning to the familiar surroundings in a matter of days, weeks, or months. Destinations are visited for reasons other than settling down permanently or finding work that pays in the locations.

3. SIGNIFICANCE OF TOURISM

The tourism industry is an extremely vulnerable one. In India nowadays, tourism is a multi-billion-dollar sector with thriving local activities. It is among the first to be touched by climatic circumstances, political and economic developments. Tourism, which was once primarily celebrated for its historical and cultural components, is now hailed for its enormous financial prospects. The potential and performance of India's tourist business need to be evaluated in terms of its socioeconomic size due to its lucrative connections with the transportation, hotel, and other industries. The tourism industry is worldwide in scope, and many have chosen to internationalise in order to gain competitive advantages. Technology, knowledge, and the lowering of barriers have given rise to new types of service businesses, including tiny specialty specialists as well as major global enterprises. A trend in the tourist industry is the rising significance of strategic alliances in building networks of commercial partnerships. Tourist places must create identities that set them apart from rival locations. The UN general assembly declared 1967 to be "The worldwide tourist year," emphasising the importance of tourism. It acknowledged that tourism is an essential and laudable human activity that the general public and the government should support. Societies' social, cultural, educational, and economic spheres are all directly impacted by tourism. "Tourism is an activity fundamental to the lives of nations," states the Manilo Declaration. Thus, tourism contributes significantly to the carrying of foreign exchange in both wealthy and developing nations.

4. TOURISM AND ECONOMIC LINKAGES

According to tourism literature, tourist expansion has the ability to support economic development (Shaw and Williams, 1997). Despite this, little emphasis has been made to the importance of entrepreneurial activity, particularly how small tourist firms operate in various economies. According to Mathieson and Wall (1982), the extent to which the tourism sector can establish linkages with local entrepreneurs is determined by factors such as the types of suppliers and producers with which the industry's demands are linked, the capacity of local suppliers to meet these demands, the historical development of tourism in the destination areas, and the type of tourism development.

Lundgren (1973) argued that the rate of hotel growth was also important in generating local entrepreneurial activity, and that rapid hotel growth led to increased demand for

agricultural products. Telfer and Wall (1996, 2000) discovered various links between tourism and food production, including competition for resources such as land, labour, and money. Similarly, the two sectors had a symbiotic connection in which agriculture produced local food items for restaurants and restaurants gave money to improve agricultural output. Torres (2003) and Torres and Momsen (2004) corroborate this notion of tourism-agriculture connections.

5. ROLE OF SMEs IN TOURISM DEVELOPMENT

SMEs play a significant role in both the developing and established economies; in practise, they are a powerful engine for national and regional economic activity. These businesses are important sources of income and technical innovation, which improves the process of passing new information to industry and society.

Small and medium-sized businesses are clearly one of the most important driving engines in the tourist sector. It is critical for these businesses to have a stable business climate. Since then, they have contributed significantly to the country's economic progress, job creation, and tax revenue. World practises and experiences demonstrate the specific functions of small and medium-sized firms in terms of building a local supply chain and improving regional economic activity at the regional level.

To boost the contribution of small and medium-sized firms to regional tourist development, it is vital to promote entrepreneurial activities, reform legislative laws, and design and execute effective policies toward sustainable development.

The Organization for Economic Development and Cooperation develops interesting initiatives in this regard (OECD). This entails simplifying legislative laws, with a particular emphasis on a variety of concerns such as the corporate climate, education system reform, financial availability, and attracting investments (OECD, 2012).

Since 2005, India's fight against corruption and ease of the privatisation process has provided enormous opportunities for entrepreneurial organisations, which has already been reflected favourably in the country's worldwide rankings. Position in worldwide rankings is vital in recruiting investments and ensuring the country's favourable image among overseas investors (Gaprindashvili, 2015).

According to the World Bank's Doing Business report, India would be ranked 85th in terms of corruption in 2022. In 2019, the country was placed 80th, indicating that India is a top country in the area in terms of regulations for starting a business,

dealing with building permits, obtaining power, registering property, and obtaining credit (World Bank, 2019). The evaluation of the mentioned rankings allows for an objective examination of domestic small and medium-sized businesses and current rules.

It should also be emphasised that, while the aforementioned rankings provide an overview of the major aspects regarding the current situation, they do not provide a full picture of company operating procedures and do not adequately reflect the issues experienced by small and medium-sized businesses.

6. BACKGROUND FOR THE STUDY

As economies place a greater emphasis on service sector growth, small and medium-sized businesses spread their operations throughout the economy. Similarly, the service sector helps to quicker economic growth by developing economic ties with the expanding tourism industry. It has been recognised in India, particularly in the coastal areas of a few states, that attracting more visitors promotes overall economic growth. As small and medium-sized businesses support tourist activities, the current study aims to identify all such economic links, therefore promoting economic growth in the region. The countries might boost their short-run economic development by strategically boosting their tourist businesses (Fayissa, B., Nsiah, C., & Tadasse, B. 2008).

7. REVIEW OF LITERATURE

A review of the literature traces the development of ideas, provides a critical analysis and supports the current studys placement in the context of the pertinent literature. It also aids in avoiding duplication, reveals gaps in the literature, identifies new ways to interpret earlier research and identifies strategies to satisfy the demand for additional study. In a nutshell, it provides a mental road map of the past, present and future of research in a particular field. The literature can be accessed from books, journals, e-resources and soon. Hence, the present chapter deals with the literature reviews that support the present study objectives and hypotheses.

The literature is divided into the following areas; they are as follows:

1. SME Performance and Tourism Development
2. SME Performance and Attitude/Character
3. SME Performance and Tourism Promotion

4. Management Capability and Tourism Development

5. Financial Capability and Tourism Development

6. Tourists Experience and Overall Satisfaction

7. Overall Satisfaction and Revisit Intention

8. Tourism and Quality of Life

9. Tourism and Community Support

Yudina et al. (2017) investigated the viability of internal financial control procedures as a safeguard for the growth of sustainable tourism companies in contemporary Russia. The study conducted a comparative analysis of the effectiveness of external measures and measures of internal financial control for the development of sustainable tourism companies and provided an algorithm for conducting internal financial control in the interests of effectively providing sustainable tourism companies. The study supported the need to find a highly effective method to address the issue of ensuring the development of sustainable tourism companies in contemporary Russia and demonstrate that one such method is internal financial control, as a result of which self-limitation of financial risks from the tourism companies will allow to keep the financial indicators at the targeted level.

Ariya et al. (2020) constructed and evaluated a model integrating associations of tourist guides, features of wildlife tourism destinations, overall satisfaction and revisit intentions. The research was based on a cross-sectional survey of travel agents who were visiting Kenyas Lake Nakuru National Park (LNNP). Self-administered structured questionnaires were used for data collection. During the study period, 298 tour guides were chosen and only as the sample size. Descriptive analysis was used to analyse socio demographic data, while path analysis and exploratory factor analysis were used to assess the measurement model. The findings revealed a positive correlation between wildlife resources and satisfaction, followed by cost of attractions, park image and park accessibility. There was a positive but weak association between satisfaction and revisit intention. There was a positive but weak association between satisfaction and revisit intention. Wildlife resources, park accessibility, attraction costs, and park image dimensions are hence markers of pleasure; nevertheless, but satisfaction was not a good indication for revisit intentions.

Bam and Kunwar (2020) found that structural equation modelling supported the positive correlation between exogenous factors, such as hospitality service, population

behaviour and accommodation costs with tourist overall satisfaction. The study supported the strong positive relationship between tourist overall satisfaction and their propensity to travel again.

Nguyen Viet *et al.* (2020) indicated that contentment, attractiveness, lodging service, cultural engagement and perceived risk all have a direct impact on revisit intention. Attractiveness, lodging service, cultural engagement and perceived risk all have a direct impact on satisfaction. The findings support the moderating effects of marital status and nationality on the connections between cultural interaction and attractiveness to satisfaction but not revisit intention.

Reindrawati (2023) examined the difficulties that the local community encounters when taking part in sustainable tourism in developing nations. The results demonstrate that the barriers to community involvement can be divided into three major categories such as operational, structural, and cultural. Operational constraints include lack of access to information, lack of efficient decision-making structures, lack of discussion platforms, lack of knowledge, and lack of accountability and transparency. Structural constraints identified include lack of budget, lack of education, lack of unsuitable policy and governance, lack of access to planning experts, weak community development, Finally, cultural barriers include the unequal distribution of costs and benefits, conflict of interests, history of colonialism, community awareness, mistrust and power disparities. Governments and sustainable tourism operators must consistently address these issues to encourage broader community participation in tourism.

7.1 Critical Review

Various studies conducted by different scholars in the field of Small and Medium Enterprises and Tourism Development is examined in this chapter. The review of the literature clearly shows that no studies have been carried out to determine the impact of Small and Medium Enterprises on Tourism Development. Hence the present study is carried out to know the impact of Small and Medium Enterprises on Tourism Development.

Ample insights into the topic of the study had been gathered from the above-mentioned review of literature consisting of concepts such as SME Performance and Tourism Development, SME Performance and Attitude/Character, SME Performance and Tourism Promotion, Management Capability and Tourism Development,

Financial Capability and Tourism Development, Tourists Experience and Overall Satisfaction, Overall Satisfaction and Revisit Intention, Tourism and Quality of Life and Tourism and Community Support.

The various studies on tourism, related aspects and the impact of Small and Medium enterprises caused on local community gives a wide point of view of the various issues confronting tourism development. The chapter discusses the core studies which gave direction to the overall study. The study will help to know the impact of Small and Medium Enterprises on Tourism Development through Local Community engagement. The research studies pointed out many challenges associated with Tourism Development. Here, the role of the local community is vital and there are great paradoxes raised and it is important to deal with them. It should be accompanied by research studies to understand the attitude of locals and to incorporate positivity in their minds about Tourism Development.

The analysis of the literature reveals that extensive research has been done on Tourism Development and it has been found that tourism has become a popular subject in developed, developing and underdeveloped nations. The literature review analyzed various factors which impacted the entrepreneurs to bring about Tourism Development through their enterprises. Hence, the study is carried out on the impact of small and medium enterprises on tourism development.

8. RESEARCH GAP

The study of empirical literature revealed that the majority of international research focuses on the economic, social, cultural and environmental components of tourist management which affect the quality of life of people. Tourism and its impacts on residents quality of life studies revealed that resident perceptions are a crucial factor in the success of any tourist destination. Tourism and quality of life are undoubtedly one of the most important areas of research in tourism studies today because once the community becomes a tourism destination the lives of the residents of that community are affected by tourism both positively and negatively.

The review of the literature reveals that research has been done on how tourism affects the quality of life of local people but it is obvious that no comprehensive study has been done on the impact of small and medium enterprises on tourism development. Many fundamental research problems are still unresolved as a result. Additionally, there is no research on tourism and entrepreneurship. The current study

has great value in bridging this gap. A quick survey of the literature suggests that no work has been published as well as studied on the impact of Small and Medium Enterprises on Tourism Development. Therefore, this study is intending to fill the gap. It is hoped that the study would be helpful to planners, policymakers, administrators, development agencies and social scientists.

9. STATEMENT OF THE RESEARCH PROBLEM

The study aimed to investigate the current state of micro, small, and medium-sized entrepreneurship in the tourist industry and how they encourage regional growth in the coastal economy of Karnataka's Dakshina kannada, Udupi, Kodagu and Mysore districts. Before developing a specific study methodology, it is crucial to get a knowledge of the role that MSEs play in tourism-related commercial activities and how they influence the regional development of coastal areas. As a result, the particular problem of this study is to trace the function of small and medium firms in the tourist sector and their contribution to regional growth and development as demonstrated by the all-important idea of job creation, revenue production, and manpower use.

The significance of this study rests in the fact that it justifies the need to grow SMEs in the tourist industry in order to achieve regional development. The lessons learned in this study serve as the foundation for the strategic direction to be taken, the overarching policy and socio-cultural factors, as well as economic linkages, that must be considered, and those factors that must be avoided in order to ensure success in developing a strategy for the development of tourism through the promotion of SME's. However, the lack of comparative knowledge regarding tourism-related SME's can be ascribed to, among other things, computation issues due to definitional and conceptual obstacles; and different nations and federations utilising different measurements of SME sub categories, usually based on number of employees.

For developing a tourism-related SME strategy it is anticipated to be important to distinguish between Small To Medium Tourist Businesses (SMTE's) and general Small To Medium Companies (SME's). According to Morrison and Thomas (2004), the tourist sector is made up of a significant number of small businesses that are fragmented and so geographically scattered. Erkkila agrees with this (2004). The ease of admission and leave from the sector is also noted, as is the industry's seasonality (Bennet, 2000; Erkkila, 2004; Morrison & Thomas, 2004). When combined with the

enormous number of small enterprises that comprise the sector, Bennet's (2000) description of a tourism product has far-reaching ramifications.

10. RESEARCH QUESTION

RQ1: Does business profile of SME influence their performance and economic development?

RQ2: Does type of business moderate the relationship between SME Performance and Economic Development?

RQ3: Do SME Performance have Impact on Tourism Development?

RQ4: Do tourists experiences with SMEs have influence on their overall satisfaction?

RQ5: Does Localites' attitude towards tourism enhances the impact of localites' perception on their socio, cultural and economic development?

11. OBJECTIVES OF THE STUDY

This study examines the role of tourism in regional development using village tourist centres in the Coast Province as a case study. Addressed specifically are the factors for the development of the village tourist centres and how the benefits from them trickle down to the local people and effect change in the region. It also examines the existing linkages between the tourism industry and the village tourist centres and other related sectors of the economy.

a) To assess the impact of business profile of SME on their performance and economic development.
b) To asses the impact of type of business on the relationship between SME Performance and Economic Development.
c) To assess the impact of SME performance on the attitude and character of entrepreneurs towards their tourism venture.
d) To evaluate the tourists' experiences with SMEs on their overall satisfaction.
e) To assess the impact of challenges faced by the localites on their awareness, perception and socio, economic and cultural development.

12. HYPOTHESES OF THE STUDY

H1: SME performance and economic development significantly varies with their personal and business profile.

H2: Performance of SMEs highly contributes to Economic development.

H3: Type of Business Moderate the Relationship between SME Performance and Economic Development.

H4: Internal and external challenges hinder the influence of SME performance on economic development.

H5: Improvement in the SME performance has significantly influenced the attitude and character of entrepreneurs towards their tourism venture.

H6: SME Performance will have positive Impact on Tourism Development.

H7: Tourists experiences with SMEs have remarkable influence on their overall satisfaction.

H8: Revisit intention of tourists will have significant influence on Tourism Development.

H9: The level of Challenges faced by the tourists significantly influence the Tourists experience, satisfaction, revisit intention and Tourist Development.

H10: Localites' attitude towards tourism significantly enhances the impact of localites' perception on their socio, cultural and economic development.

H11: Challenges faced by the localites significantly impacts their awareness, perception and socio, economic and cultural development.

13. RESEARCH METHODOLOGY

The methodology applied in this research consists of a secondary literature review, the qualitative method by use of in-depth interviews with owners and managers of small and medium enterprises, quantitative data analysis through a conducted survey as well as the comparative method in order to contrast the available statistical data. The major thrust would focus on whether tourism in the state works regionally, which means that there is insufficient initiative, structured investment policy and support for small and medium enterprises in the tourism sector. In order to support entrepreneurship in tourism, there should be a united awareness of the needs, opportunities, knowledge and coordination involved in directing small and medium entrepreneurs in their specific field of development. There should be more initiative and common partnership between small and medium entrepreneurs and the government on all levels and all types of business influencing tourism and being part of the tourism product. This is necessary to achieve in order to utilise the tourist market potential and thus gain a more competitive position on the international market. Thus, the studies specifically examine these issues as well.

The proposed study would be carried out through both primary and secondary based sources. The sampling techniques like random, stratified and cluster sampling will be

adopted and the sampling targets like tourist officials, tourists, curio operators, local residents, hotel managers, tour operators and tourist centre's operators. The study will employ several statistical techniques namely: Nearest Neighbour Analysis, Location Quotient and Multiple Linear Regression Analysis and Multiple Correlation Analysis. Data will be gathered through the use of questionnaires and official records pertaining to the economic impact of MSE's role of tourism in the coastal region.

A systematic approach to gathering, assessing, interpreting, and presenting the necessary data for a chosen research topic is made possible by the effort to create an effective research framework. This chapter explains the applied research approach for acquiring pertinent data to analyse the numerous issues and limitations impeding the operation of the region's tourism sector while taking into account the perceptions of SMEs, tourists, and locals. Further research also looked at how SME performance can improve both economic and tourism development, as well as how it can influence locals' socioeconomic and cultural development and tourists' experiences, overall satisfaction, and intent to return. In order to ensure the development of the most appropriate research methodology for this study, a quick overview of the selected research methodology has been offered below utilising research opinion.

13.1 Research Philosophy:

Since research philosophy is such a broad subject, participants must gather both secondary and primary data for analysis. The research community employs a variety of approaches, particularly in the areas of innovation and sociality. They include, among others, ontology and epistemology (Easterby-Smith *et al.,* 2012). There are four different research philosophies, including interpretivism, positivism, pragmatism, and realism. According to Clark and Bryman (2019), whereas pragmatism tries to evaluate ideologies and interpretivism, realism philosophy works with conceptual schemes connected to causal objects. Philosophy seeks to assess social ideas in light of the researcher's personal preferences. It is based on the premise that only factual knowledge obtained from sensory observation can be relied upon. The researcher's only responsibility is to gather data and evaluate it using scientific procedures. The study findings are observable and quantitative as a result. It is based on measurements that can be quantified and examined using statistical techniques. There is no opportunity for human interpretation because the researcher is not involved in the study. Deductive approach is frequently employed (Van Mierlo *et al.,* 2010; Mingers,

2014; Saunders, M., Lewis, P., & Thornhill, 2009). Based on the above ground to explore SMEs, tourists and lcalites view on tourism and economic development, the study has applied positivism philosophy.

13.2 Research Design:

A researcher has to be familiar with several study design types. A thorough understanding of the various study designs is also helpful in selecting the best research design (Sileyew, 2019). Quantitative and qualitative research designs are the two primary categories. The five subcategories of research design are experimental, correlational, descriptive, diagnostic, and explanatory. Here, the study was conducted using a descriptive research design. In order to examine how SMEs, visitors, and residents see tourism and economic development, visitor satisfaction, and local socio-economic development, descriptive design has proved successful. It has also been successful in testing the correlation between research variables.

13.3 Research Approach:

Neuman (1997) asserts that there are typically two ways in which researchers approach developing and evaluating theories. Some theories start with abstract concepts, link those concepts to actual data, and then compare those concepts to the data. Other researchers build abstract ideas from specific observations based on empirical evidence before making generalisations. According to Ghauri, P. (2004), a researcher can infer general conclusions from empirical findings through the process of induction. Deductive research techniques call for "the development of a conceptual and theoretical structure prior to its testing through empirical observation". In the present study, the researcher has opted deductive approach as the conceptual and theoretical model was developed through observation and literature survey for SMEs, Tourists and locals which was further tested in the study.

13.4 Nature and Sources of Data:

Three approaches for gathering information are experimentation, observation, and surveying. The researcher made the decision to carry out a survey using questionnaire. There are two types: field surveys to get primary data and surveys to gather secondary data. Since they occasionally act as supplements or supplemental medicines in nature, both surveys are equally important. The information is gathered from the sources listed below:

13.4.1 Primary Data:

Firstly, the data was collected through primary sources i.e., questionnaire. This questionnaire was developed using observation, interview and literature. Primary data was collected from SME entrepreneurs, Tourists and localites. Initially the data was collected from the entrepreneurs where they were asked to provide the opinion on Tourism development through SME, SME Performance, Internal and External challenges, changes in their attitude &character after setting up this tourist venture along with obtaining their Personal and Business Profile. Secondly tourists were approached to provide their view on their Experience, Perception on benefits of SME tourism to the society, Overall Satisfaction and Revisiting intention, Challenges, Desired Measures and Development in Tourism along with Demographic and Travelling details. Lastly the final questionnaire was formulated to get the responses from locals where their perception and Attitude on SME Tourism development, Socio-cultural and economic development, Challenges faced by them were obtained along with their personal profile.

13.4.2 Secondary Data:

For the purpose of defining the research gap, concepts, hypotheses, and concerns, secondary data was acquired. Reference books, research journals and articles, PhD theses, online journals, blogs, websites, newspapers, and annual reports of corporations are all included along with the reports from:

- Organization for Economic Cooperation and Development
- European Commission
- Micro, Small, and Medium Enterprises (MSME) Act 2006, Government of India
- Directorate of Micro, Small & Medium Enterprises
- SIDBI
- Central Small Scale Industries Organization (CSSIO) with an advisory body called the Small-Scale Industries Board (SSIB)
- Small Scale Service and Business Enterprise (SSSBE)
- Micro, Small, and Medium Enterprises Census
- MSME Development Institute
- National Sample Survey Office, Ministry of Statistics and Programme
- World Travel Organization's
- Bureau of Immigration, Government of India
- Wharton Econometric Forecasting Associates (WEFA)

13.5 Survey Instrument:

An organised research tool (i.e. structure questionnaire) that was handed to entrepreneurs, tourists and localites in the region of costal Karnataka was used to collect primary data. The questionnaire asked both quantitative and qualitative questions about demographics and their opinion on various tourism related aspects.

13.5.1 Components of the Survey Questionnaire:

Three questionnaires were framed in order to accomplish the study objectives. First questionnaire was circulated among the SME entrepreneurs which consisted of numerous components. Second questionnaire was formulated to obtain tourist experience and final questionnaire was prepared for the localites.

13.5.1.1 QUESTIONNAIRE FOR ENTREPRENEURS:

Part A: Personal and Business Profile

Part A of the questionnaire obtains the information of SME entrepreneurs which includes age group, gender, marital status, mother tongue, educational qualification, specialization in your higher education, business education, legal status, origination of business, location, duration of business (years), no. of employees and their type of business.

Part B: Tourism Development through SME

Part B obtained the data pertaining to time of business opening, most likely visitors to this business, typical target markets, products/activities that attract visitors, methods used to promote business, sources of skills learned to run the business, Importance of accessible tourist market to the business, most demanded services, Domestic day trip, International day trip, Domestic overnight trip, international overnight trip, Domestic overnight trip and international overnight trip of the enterprise. Further entrepreneurs' perception on contribution of SMEs in tourism development and precautions taken up in the tourism business has been obtained under this section.

Part C: SME Performance

Part C exhibits SME performance in the form of management capability, financial capability, marketing Capability and Strategic vision of the enterprise. Further this section also obtains entrepreneurs' view on the effectiveness of SME tourism on Economic development.

Part D: Internal and External Challenges

The last section of the questionnaire i.e. Part d obtains the view of entrepreneurs on the external challenges, internal challenges, changes in their attitude & character after setting up this tourist venture, environmental concern practised in tour/package, remedial measures for successful implementation of tourism plans undertaken by the government and local authorities.

13.5.1.2 QUESTIONNAIRE FOR TOURISTS:

Part A: Demographic and Travelling Details

Part A of the questionnaire collected demographic and travelling details of the tourists which includes gender, age, marital status, occupation, nationality, educational qualification, monthly income, companions to travel with, the person who made travelling schedule, budget for the trip, common purpose of travel, general length of trip, spend on an average annually on a trip and main interests in selecting a destination.

Part B: Tourists Experience

Part B of the instrument measured tourists experience in terms of Accessibility, Socio-cultural attractions, public facilities (toilet, parking lots and places of worship), Food and venue facility, Cleanliness, Services and Security. Further Perception on benefits of SME tourism to the society has also been obtained in this section.

Part C: Overall Satisfaction and Revisiting Intention

Part C collected tourists' satisfaction level with respect to SMEs in tourism and obtained agreement level on revisit intention of the tourists.

Part D: Challenges, Desired Measures and Development in Tourism

Part D collected the data on Challenges faced as a tourist in this area, improvement measures as a tourist in this area, desired development, and measures to solve problems and steps to be taken by the Government.

13.5.1.3 QUESTIONNAIRE FOR LOCAL COMMUNITY

Part A: Personal Profile

In the questionnaire for local community, part A obtained personal profile such as Age (years), Gender, Marital status, Years living in the locality, educational status, employment status, employment status and job title of the localites.

Part B: Perception and Attitude on SME Tourism Development

Second part addressed the Perception of locals on standard of living and Perception on market for the local product. Further this section also addressed Attitude and Awareness of local community.

Part C: Socio-cultural and Economic Development

Furthermore, part C contained the contents essential to assess the local communities' Economic development, Social development and Cultural development through tourism SMEs.

Part D: Challenges Faced by the Local Communities

Last part of the questionnaire for local community addresses the challenges faced by them which include social crime, drastic increase in air, water and noise pollution in the region, inflation, cleanliness issues in SME tourism.

13.5.2 Construction of Research Tool:

Any empirical study starts with the creation of a preliminary model of the issue or system under investigation, which entails listing all of the various components, outcome variables, independent and dependent variables, and the relationships among them. Researchers may use the preliminary model to create hypotheses to test the model. A survey-based research questionnaire includes a number of questions, often known as items, each of which is designed to answer a specific research subject. On the basis of the research model and assumptions, this study has also amassed a range of indicators for each component and variable, which are shown in the table below:

Table 1: Sources of Research Components (SME Entrepreneurs)

Sl. No.	Variables	Source
1	Personal and Business Profile	Nunkoo, R., Teeroovengadum, V., Seetanah, B., Sannasee, R. V., & Pooloo, A. (2020); Hermawati, A. (2020).
2	Tourism Development through SME	Shaw, G., & Williams, A. M. (1998); Carlisle, S., Kunc, M., Jones, E., & Tiffin, S. (2013); Peters, M., & Buhalis, D. (2013); Domi, S., Keco, R., Capelleras, J. L., & Mehmeti, G. (2019); Sharif, N. M., & Lonik, K. A. T. (2014); Tinsley, R., & Lynch, P. A. (2007).
3	SME Performance	Hermawati, A. (2020); Sánchez-García, J. Y., Nuñez-Ríos, J. E., & Badillo-Piña, I. J. (2018, May); Omerzel, D. G., & Antončič, B. (2008); Hooley, G. J., Greenley, G. E., Cadogan, J. W., & Fahy, J. (2005)
4	Internal and External	Nash, R., & Martin, A. (2003); Thomas, R., Shaw, G., & Page, S. J. (2011); Jessica Hwang, L. J., & Lockwood, A.

	Challenges	(2006); Morrison, A., & Teixeira, R. (2004); Ismail, N., Masron, T., & Ahmad, A. (2014); Wall, G., & Nuryanti, W. (1997); Butler, R. (2018).

Table 2: Sources of Research Components (Tourists)

Sl. No.	Variables	Source
1	Demographic and Travelling details	Kivela, J., & Crotts, J. C. (2006); Uriely, N. (2005); Mossberg, L. (2007); Choi, Y., Oh, M., Choi, M., & Kim, S. (2021); Wahyudina, N., Pratamab, S., & Akbarc, M. F. (2019).
2	Tourists Experience	Kivela, J., & Crotts, J. C. (2006) ; Uriely, N. (2005); Mossberg, L. (2007); Cutler, S. Q., & Carmichael, B. A. (2010); Ryan, C. (2010); Wearing, B., & Wearing, S. (1996); Cetin, G., & Bilgihan, A. (2016); Cohen, E. (1979); Choi, Y., Oh, M., Choi, M., & Kim, S. (2021); Jangra, R., Kaushik, S. P., & Saini, S. S. (2021); Wahyudina, N., Pratamab, S., & Akbarc, M. F. (2019).
3	Overall Satisfaction and Revisiting intention	Wan, Y. K. P., & Chan, S. H. J. (2013) Wahyudina, N., Pratamab, S., & Akbarc, M. F. (2019); Hui, T. K., Wan, D., & Ho, A. (2007); Hasegawa, H. (2010).
4	Challenges, Desired Measures and Development in Tourism	Jangra, R., Kaushik, S. P., & Saini, S. S. (2021); Hui, T. K., Wan, D., & Ho, A. (2007).

Table 3: Sources of Research Components (Localites)

Sl. No.	Variables	Source
1	Personal Profile	Fun, F. S., Chiun, L. M., Songan, P., & Nair, V. (2014); Vargas-Sánchez, A., Porras-Bueno, N., & de los Ángeles Plaza-Mejía, M.
2	Perception and Attitude on SME Tourism Development	Fun, F. S., Chiun, L. M., Songan, P., & Nair, V. (2014); Vargas-Sánchez, A., Porras-Bueno, N., & de los Ángeles Plaza-Mejía, M. (2014); Diedrich, A., & García-Buades, E. (2009).
3	Socio-cultural and Economic Development	Zaei, M. E., &Zaei, M. E. (2013); Urtasun, A., & Gutiérrez, I. (2006); Gnanapala, W. A., &Sandaruwani, J. A. R. C. (2016); Wondirad, A., Kebete, Y., & Li, Y. (2021); Creaco, S., & Querini, G. (2003); Sharma, K. K. (2004); Uslu, A., Alagöz, G., & Güneş, E. (2020); Pedrana, M. (2013).
4	Challenges Faced by the Local communities	Al Haija, A. A. (2011); Salazar, N. B. (2012); Havadi Nagy, K. X., & Espinosa Segui, A. (2020); Setokoe, T. J., & Ramukumba, (2020).

13.6 Development and Validation of Research Instruments

Two crucial components of a questionnaire used in empirical research are validity and item reliability. Numerous verifying and statistical methodologies are used to assess

the reliability and validity of the questionnaire based on its design, development, and purpose (Taherdoost, 2016). To create a top-notch questionnaire for this study, the researcher had to adhere to a number of steps. Two primary methods of data production and data validation were employed in the current study, which is significant.

13.6.1 Validity Testing:

Understanding what an assessment is meant to measure will help us establish the validity of a questionnaire. Validity is the degree to which the data collected accurately reflect the study's intended subject (Ghauri, Grnhaug, & Strange, 2020). Through validation, the accuracy of the inferences and conclusions drawn from the survey responses is also examined. Therefore, content validity has been embraced in the current study.

Content Validity:

Examining the substance of the survey responses in order to determine whether they correctly reflect the complete theoretical construct of the desired model of the subject being investigated is known as content validation. When a questionnaire is created and its validity is examined, content validation may begin. A team of specialists with knowledge of the questionnaire's design and the ability to judge content validity conducts the content validation. The content validation team reviews the questionnaire questions to see whether they are appropriate for measuring the constructs and whether the items chosen are appropriate for evaluating the variables in the domain (Aithal & Aithal, 2020). Initially the questionnaire was circulated among the 10 senior student researchers pursuing Doctoral degree in the domain of tourism and economics and their feedback was incorporated in the instrument. The questionnaire was then validated by the Professors specialised in the subject of entrepreneurship, economics and tourism. Further the question given to psychologists and statisticians for the validation, where they recommended deletion of few items. after modifying the questionnaire, it was then given to 3 SME entrepreneurs to express their views. After carefully considering these suggestions, the questionnaire's components were suitably altered, removed, and added. As a consequence, the questionnaire was modified to make it clearer, simpler to understand, and more helpful. The topic experts' opinions and suggestions were utilised to assess the validity of the questionnaire's content.

13.6.2 Reliability Check:

To avoid missing errors and confirm the interview schedule and measurement scale, a pilot survey was conducted among 15 SME entrepreneurs, 10 tourists and 15 localites from Dakshina Kannada district. Following the pilot survey, the reliability of the scale were confirmed using accepted procedures. The interview schedule and measurement scales were adjusted as needed. This process helps the researcher in revising the questionnaire as needed. Following a comprehensive examination and suggestions from experienced members, the improvements were implemented. Following the pilot study, the researcher employed Cronbach's alpha to confirm the reliability of the data (Cronbach, 1951). Cronbach's alpha is the most often used statistic for evaluating data on internal consistency. Typically, an alpha value of 0.7 to 0.8 is considered appropriate. The result of reliability test s shown below;

Table 4: Reliability Results

Variable		No. of Items	Cronbach Alpha
Questionnaire–1			
Contribution of SMES in Tourism Development		**13**	0.7514
Precautions taken up in the tourism business		**7**	0.7644
SME Performance	Management Capability	**9**	0.853646
	Financial Capability	4	0.817646
	Marketing Capability	4	0.727646
	Strategic Vision	6	0.775646
SME tourism on Economic Development		15	0.7743
Challenges	External Challenges	7	0.7513
	Internal Challenges	8	0.7234
Changes in their attitude & character after setting up this tourist venture		5	0.7924
Questionnaire–2			
Tourists Experience	Accessibility	**6**	0.69999
	Socio-cultural Attractions	5	0.703
	Public Facilities (toilet, parking lots, and places of worship)	6	0.767
	Food and Venue Facility	6	0.775
	Cleanliness	4	0.789
	Services	6	0.805
	Security	6	0.811
Perception on benefits of SME tourism to the society		5	0.700
Tourists' satisfaction level with respect to SMEs in tourism		11	0.708
Agreement level on revisit intention of the tourists		3	0.756
Challenges faced as a tourist		7	0.789
Improvement measures		6	0.799
Measures to solve problems		4	0.765
Steps to be taken by the Government		5	0.797

Questionnaire–3			
Perception	Perception of locals on standard of living	**7**	0.813
	Socio-cultural Perception on market for the local product attractions	4	0.777
Attitude		3	0.863
Awareness		4	0.811
Socio-cultural and Economic Development	Economic Development	5	0.789
	Social Development	11	0.888
	Cultural Development	5	0.711
Challenges Faced by the Local Communities		6	0.890

A reliability test result with a Chronbach's alpha value above 0.7, as per Chong (2017) and Hair Jr. *et al.* (2017), is significant. The results show that all of the aforementioned constructs and indicators satisfy the requirements for all the research instruments since they all have alpha values greater than 0.7.

13.7 Variables/Factors:

Table 5: Variables/Factors Used in the Questionnaire-1 (SMEs)

Sl. No.	Variables		
1	Personal and Business Profile		Age
			Gender
			Marital Status
			Mother Tongue
			Educational Qualification
			Specialization in your higher education
			Business Education
			Legal Status
			Origination of Business
			Location
			Duration of Business (Years)
			No. of Employees
			Type of Business
	Factors		**No. of items**
1	Contribution of SMEs in Tourism Development		13
2	Precautions taken up in the tourism business		7
3	SME Performance	Management Capability	9
		Financial Capability	4
		Marketing Capability	4
		Strategic Vision	6
	SME Tourism on Economic Development		15
4	Challenges	External Challenges	7
		Internal Challenges	8
5	Changes in their attitude & character after setting up this tourist venture		5

Table 6: Variables/Factors Used in the Questionnaire-2 (SMEs)

Sl. No.	Variables		
1	Demographic and Travelling Details		Gender
			Age
			Marital Status
			Occupation
			Nationality
			Educational Qualification
			Monthly Income
			Companions to travel with
			The person who made travelling schedule
			Budget for the trip
			Common Purpose of Travel
			General Length of Trip
			Spend on an average annually on a trip
			Main interests in selecting a destination
2	Tourists Experience	Accessibility	6
		Socio-cultural Attractions	5
		Public Facilities (toilet, parking lots, and places of worship)	6
		Food and Venue Facility	6
		Cleanliness	4
		Services	6
		Security	6
3	Perception on benefits of SME tourism to the society		5
4	Tourists' satisfaction level with respect to SMEs in tourism		11
5	Agreement level on revisit intention of the tourists		3
6	Challenges faced as a tourist		7
7	Improvement Measures		6
8	Measures to Solve Problems		4
9	Steps to be taken by the Government		5

Table 7: Variables/Factors Used in the Questionnaire-3 (Localites)

Sl. No.	Variables		
1	Personal Profile		Age (Years)
			Gender
			Marital Status
			Years living in the locality
			Educational Status
			Employment Status
			Job Title
3	Perception	Perception of locals on standard of living	**7**

		Socio-cultural Perception on market for the local product attractions	4
4	Attitude		3
5	Awareness		4
6	Socio-cultural and Economic Development	Economic Development	5
		Social Development	11
		Cultural Development	5
7	Challenges faced by the local communities		6

13.8 Sampling Design:

13.8.1 Sample Population:

For the purpose of this study the coastal Karnataka is selected as the study area. As the coastal Karnataka serve as the tourist web linkages with different types of activities in particular the MSEs and other economic and historic religious places and sea shore covered with larger beach attractions helps to generate income, employment and promote standard of living those who participate in expansion of tourism sector.

The sample population here consists of those SME entrepreneurs operating in the tourists' places of Coastal Karnataka restricted to Pilikula, Panambur, Udupi, Malpe, Subramanya, Dharmastala, Cooorg and Mysore. Further the tourists travelling to these places and localites residing in these places are considered as target population.

13.8.2 Determination of Sample Size:

Table 8: Total Population of SME

Sl. No.	Location	Population
1	Pilikula	10
2	Panambur	10
3	Udupi	36
4	Malpe	40
5	Subramanya	30
6	Dharmastala	30
7	Cooorg	200
8	Mysore	317
	Total	**673**

According to Yamane's (1967) formula for calculating sample size:

$$N = \frac{N}{1 + N\,(e)^2}$$

Where,

n = Sample Size

N = Population Size

E = Level of Precision

$$= \frac{673}{1+673(0.05)^2}$$

Sample Size = 250.8

The sample size for the study is 251, however overall 260 samples were collected from the respondents. Moreover, the data was also collected from localites as well as tourists where the population was unknown. Hence, totally 200 from tourists and 200 from localites has been randomly obtained to know their view on tourism and its influence.

13.8.3 Sampling Technique

For localites, stratified random sampling was employed. The local population in coastal Karnataka was divided into various strata based on tourists' places of Coastal Karnataka restricted to Pilikula, Panambur, Udupi, Malpe, Subramanya, Dharmastala, Cooorg and Mysore. Within these strata, respondents were randomly selected to ensure that different segments of the local population were represented.

For tourists, convenience sampling was used, primarily due to the transient nature of tourists in coastal Karnataka. This method ensured easy access to a wide range of tourists, including both domestic and international visitors. Since tourists typically spent limited time in specific areas, approaching them at convenient locations allowed for capturing real-time perspectives on their experiences with local MSMEs, such as the quality of services, availability of products, and their overall contribution to the local economy.

13.9 Testing of Statistical Assumptions:

It must be verified that certain statistical assumptions are satisfied in order to ensure that the gathered data is suitable for use in various statistical research. The assumptions of normality, homogeneity, linearity, and multicollinearity were used to validate the data in this study. To ensure that the data distribution is normal before running a parametric or non-parametric test, a normality test is essential. All of these conditions must be satisfied (SEM) in order to use structural equation modelling and regression analysis.

13.9.1 Normality:

The normality test is critical when doing multiple statistical tests. The normality of the data is the foundation for the validity tests. SEM and statistical tests can be applied if the data is normal. The results of the test are no longer accurate if the data are not found to be normal, and a non-parametric test may be used instead. The investigation used the tests listed below:

Histogram: The existing data, measured in metric units, agrees with the premise of a normal distribution. The histogram visually represents the normal distribution of a given quantity.

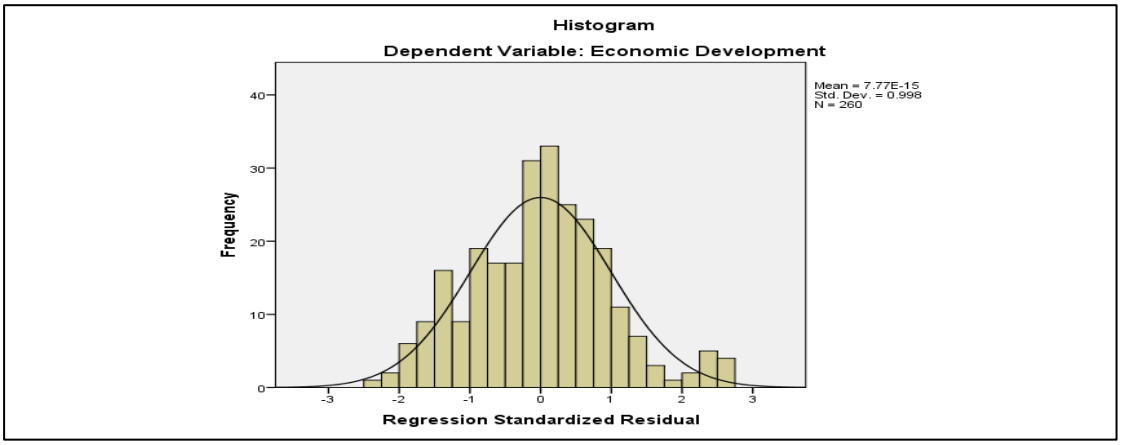

Figure 1: Normality Results Between SME Performance (IV) and Economic Development (DV)

Linearity: For the regression analysis assumptions to be met, the linearity test is essential. The linear relationship between the dependent and independent variables is explained using regression analysis. The linear relationship between SME performance (IV) and Economic development (DV) is seen in Figure 6.2.

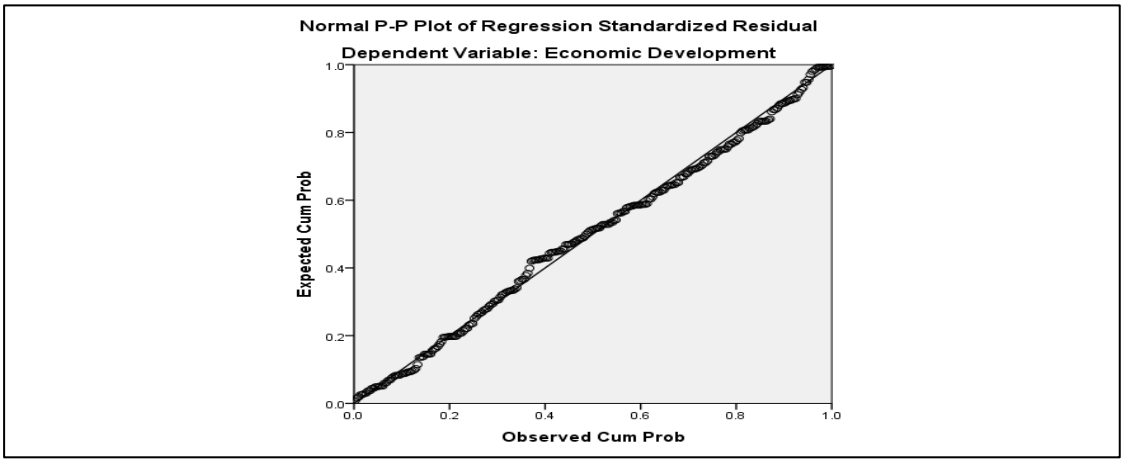
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Economic Development
Expected Cum Prob
Observed Cum Prob

Figure 2: Linearity Results Between SME Performance (IV) and Economic Development (DV)

Multicollinearity: When a researcher uses many independent variables to forecast a dependent variable in a study, multicollinearity arises. The multicollinearity issue can be found if the independent variables are connected. Tolerance and Variance Inflation Factor (VIF) are two statistics that measure collinearity. When the tolerance level is less than 0.2 and the VIF value is more than 5, multicollinearity occurs. The multicollinearity test was used in this study, and the results are shown in table 6.9. In the current study's multiple regression analysis, economic development is seen as a dependent variable, whilst management capability, marketing capability, financial capability and strategic visionare regarded as independent variables. To fully satisfy the requirement of multicollinearity, the following test has been applied.

Table 9: Results of Multicollinearity Test

Factors	Tolerance	VIF
Management Capability	0.326	2.489
Marketing Capability	0.306	2.536
Financial Capability	0.298	0.367
Strategic Vision	0.403	0.333

Because the VIF is less than five and the TV value is greater than 0.2, the results of the multiple regression analysis demonstrate that there are no multicollinearity issues in the data set.

Numerous statistical methods, such as correlation, regression, t tests, and analysis of variance are predicated on the idea that the data has a normal or Gaussian distribution; in other words, the populations from which the samples are taken are presumptively distributed normally (Field, 2013; Driscoll, Lecky & Crosby, M. 2000). The histogram, linearity, and simple scatter plot are examples of normality tests that have demonstrated the data's normal distribution, supporting the usage of parametric testing and SEM.

13.10 Research Tools and Software Package Used

The replies gathered from the sample of representative Outsourced employees in Government Departments were codified and incorporated into the software system in line with the goals' criteria. SPSS AMOS 23 and SPSS Version 26 are used to analyse the data. As descriptive statistics, the study employed mean, median, mode, range, standard deviation, percentage, and cumulative percentages. The gathered data were examined using a number of statistical methods, including:

1. Reliability Test
2. Percentage Analysis
3. Descriptive Analysis
4. Independent Sample t-test
5. One-way ANOVA
6. Simple Regression Analysis
7. Multiple Regression Analysis
8. Correlation
9. Structural Equation Modelling (SEM)

Reliability Test: In order to quantify the internal consistency of a test or scale, Lee Cronbach created Alpha in 1951; it is represented as a number between 0 and 1. Internal consistency, which is related to the test's inter-relatedness, specifies the extent to which all of the items in a test assess the same notion or construct. This viewpoint on dependability might be defined as the relationship between the test and itself. The construct of each instrument i.e. for SMEs, tourists and localites found to be reliable.

Percentage Analysis: Percentage analysis has been implemented to check the population distribution according to their demographic traits and other details. Here personal and business profile of the sme entrepreneurs, demographic and travelling details of the tourists and personal profile of the localites has been analyzed using percentage analysis.

Descriptive Statistics: For descriptive analysis, the fundamental means, medians, modes, minimums, maximums, and standard deviation were used. The technique is used to calculate averages, standard deviation, maximum, and minimum levels of responses from SME entrepreneurs, localites and tourists. it consisted of analysing various constructs assessing the entrepreneurs, localites and tourists agreement and perception level.

Independent Sample t-test: The means of just two groups, neither more nor less, were compared using the independent sample t-test. This test is often used to determine whether the means of two populations vary. Due to the fact that it employs samples to draw conclusions about populations, this approach is an inferential statistical hypothesis test. The two sample t test is another name for the independent samples t test. in the present study, this test was used to assess the influence of Gender on SME performance and economic development.

One-way ANOVA: In an ANOVA, the means of two or more independent groups are compared to see whether there is statistical support for a statistically significant difference between the means of the connected populations. One-way ANOVA is one of the parametric tests. The study employed one-way ANOVA to investigate the significant differences between various demographic profiles and a number of study parameters in order to test research hypotheses.

Simple Regression Analysis: Using historical data, a simple regression analysis is a statistical technique that examines the relationship between one independent variable and one dependent variable. The modelling of a single independent and dependent variable is studied using the basic linear regression model. A linear regression model with just one independent variable is referred to as a "simple linear regression model". In the present study simple linear regression analysis was used to assess the relationship between SME performance and Economic development; SME performance and their Attitude & Character; Tourists experiences with SMEs and overall satisfaction; revisit intention of tourists and Tourism Development; Perception and Socio-Economic Cultural Development.

Multiple Regression Analysis: A process known as multivariate regression is used to assess how linearly connected distinct independent variables and dependent variables are to one another. Due to the connection between the variables, the relationship seems to be linear. in the present study multiple regression analysis has been used to test the impact of SME performance on economic development.

Correlation: Karl Pearson's Correlation was used to test the relationship between SME performance and Economic development and to test the relationship between SME performance and their Attitude & Character.

Structural Equation Modelling (SEM): SEM, a multivariate statistical analytic technique, is used to investigate the structural links between quantifiable variables and latent entities. In order to investigate the causal connections between the elements, path analysis is utilised. This sophisticated statistical technique was used to assess the proposed model of a large number of study variables.

14. STUDY AREA

For the purpose of this study the coastal Karnataka is selected as the study area. As the coastal Karnataka serve as the tourist web linkages with different types of activities in particular the MSEs and other economic and historic religious places and

sea shore covered with larger beach attractions helps to generate income, employment and promote standard of living those who participate in expansion of tourism sector.

14.1 Karnataka Briefly:

Karnataka, India's seventh biggest state is located on the country's southwest coast. The state's history extends back centuries, when it was known as the State of Mysore. It was just a few decades ago, in 1973, that it was called Karnataka. The state has a rich historical history, a vibrant culture, stunning geographical characteristics, a thriving economy, and a well-educated population. It is divided into 31 districts, each of which has multiple educational institutions, large corporations, banks, hospitals, hotels, religious monuments, and recreational areas. Let us take a deeper look at this princely state's history, geography, economics, and tourism. It is one of the wealthiest states in India with a population in 2021/2022 is 66,165, 886 (66.17 million) as per the Aadhar statistics as compared to last census 2011 is 61, 130,704.

Table 10: Administrative Units of Karnataka

Districts	31
Taluks	235
Hubli	856
Panchayats	5965
Villages	32499

Source: Website of Karnataka, 2022

14.2 MSME in Karnataka:

Karnataka is home to about 8.5 lakh Micro, Small, and Medium Enterprises (MSMEs), employing over 55 lakh people. Over the previous five years, over Rs.4 lakh crore has been spent in Karnataka, and the state now ranks fifth in the country in terms of industrial growth. MSMEs contribute significantly to economic growth by encouraging entrepreneurship and creating numerous job possibilities. As providers of input commodities and services to larger enterprises, MSMEs contribute to industrial growth. Many initiatives and policies, as well as incentives and concessions, have been implemented to promote MSMEs. The state's businesses have experienced losses as a result of the lockdown and stalled exports caused by the two-year-old epidemic of the contagious virus Covid-19, Two years ago. Some industries have vanished. Meanwhile, the state and federal governments have stepped in to help. However, these industries will require time to return to their previous levels. MSMEs have several obstacles, which may be solved by using the following measures: Improving access to money, infusion of equity capital, increased

productivity through management methods, and ease of doing business. The Government of India has announced a draught MSME policy including eight action areas to revitalise the MSME sector.

Table 11: Number of Registered Micro Units, Investment and Employment for the year 2020-21 (upto 30th November, 2021)

Sl. No.	Districts	Micro (Upto Rs.1.00 Crore Investment or 5 crore Turnover)		
		Units	Investment (Rs. crs)	Employment
1	Bagalkot	1769	40.24	9668
2	Ballari	2081	46.2	12439
3	Belagavi	5851	117.81	57888
4	Bengaluru (Rural)	4618	90.66	62659
5	Bengaluru (Urban)	28301	558.19	178793
6	Bidar	901	25.41	9413
7	Chamarajnagar	444	4.51	2089
8	Chikballapur	951	53.54	8491
9	Chikkamagaluru	1108	25.26	5145
10	Chitradurga	1191	17.54	6435
11	**Dakshin Kannada**	**2940**	**59.12**	**21682**
12	Davangere	1616	34.57	8859
13	Dharwad	3199	55.2	35129
14	Gadag	750	16.34	4179
15	Hassan	1930	37.54	30867
16	Haveri	1044	21.99	5116
17	Kalaburagi	1792	55.76	14470
18	Kodagu	619	12.86	4692
19	Kolar	1384	34.44	13467
20	Koppal	856	41.02	8625
21	Mandya	1523	32.69	23421
22	Mysuru	3108	56.86	27341
23	Raichur	986	22.53	14359
24	Ramanagara	900	28.94	10445
25	Shivamogga	1756	34.97	7679
26	Tumakuru	2248	49.94	14929
27	**Udupi**	**1536**	**46.46**	**8209**
28	Uttarkannad	1492	30.84	7493
29	Vijayapura	2067	39.37	12774
30	Yadgir	1166	18.44	13636
	Grand Total	**80127**	**1709.23**	**640392**

Source: Udyam Registration Portal GoId

14.3 Tourism in Karnataka:

In 2021, Karnataka's population was estimated to be 81,333,659.000 people. This is an increase from the prior figure of 77,453,339.000 people for 2020. Local visitors: Karnataka data is updated annually, averaging 37,825,953.000 Person from December 1997 to December 2021, using 25 observations. The statistics reached an all-time high of 227,934,714.000 Person in 2019 and a record low of 8,678,670.000 Person in 2002. Local visitors: Karnataka data remains active in CEIC and is reported by the Ministry of Tourism. The data is classified as India in the Global Database.

Table 12: Share of Top 10 States/UTs of India in Number of Domestic Tourist Visits in 2021

Rank	State/UT	Domestic Tourist Visits in2021	
		Number	Percentage Share (%)
1	Tamil Nadu	115336719	17.0
2	Uttar Pradesh	109708435	16.2
3	Andhra Pradesh	93277569	13.8
4	**Karnataka**	**81333659**	12.0
5	Maharashtra#	43569238	6.4
6	Telangana	32000620	4.7
7	Punjab	26640429	3.9
8	Madhya Pradesh	25554067	3.8
9	Gujrat	24525210	3.6
10	West Bengal	24325984	3.6
	Total of top 10 States	576271930	85.0
	Others	101361051	15.0
	Total	**677632981**	**100.0**

Source: State/UT Tourism Departments

Karnataka Tourism Policy 2015-20 has identified 319 tourism destinations across Karnataka.

Table 13: List of 41 Focus Tourism Destinations have been selected and Prioritized for Development

Aihole	BRT	Dharmasthala	Lakkundi
Anegundi	Chikmagalur	Gokarna	Mangaluru
Badami	Chitradurga Fort	Hampi	Melukote
Banavasi	Chowdhanapura	Hassan	Mookambika
Bandipur	Coorg	Kalaburagi	Murudeshwara
Bannerghatta	Devanahalli Fort	Karkala	Mysuru
Belur-Halebeedu	BRT	Karwar	Lakkundi
Bidar	Chikmagalur	Kundapur	Mangaluru
Nagarhole	Shivamogga	Tala Cauvery	Vijayapura
Nandi Hills	Shravanabelagola	Udupi	Yadagiri Fort
Pattadakal	Srirangapatna	Uttara Kannada	Vijayapura

Source: Karnataka Tourism

15. CHAPTER LAYOUT

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Analysis of SME Growth Performance and Tourism Linkages

Chapter 4: Karnataka Tourism Policy and the Impact on SME Performance

Chapter 5: Economic Impact of SME on Tourism Sector in Karnataka

Chapter 6: Impact Analysis of SME on Tourism Development

Chapter 7: Findings, Suggestions and Conclusion

16. SIGNIFICANCE OF THE STUDY

According to the findings of this study, the government should give financial aid and protection to local entrepreneurs, as well as adopt legislation that would benefit their company operations. The study indicates that village tourist centres might be an effective instrument for revitalising and stimulating the region's economy, but only if financing and marketing issues are addressed and favourable regulations are implemented. In the form of fresh maps, updated data, and tourism models, this study makes significant contributions to scholars, researchers, the discipline of Economic Geography, and the tourist sector. Future research directions for sustaining what is currently in place, such as local people empowerment and implementation into regional development plans and management strategies.

17. KEY FINDINGS

This research carefully considered how SMEs, tourists, and locals experienced the numerous problems and constraints impeding the growth of the local tourism industry. Further research examined how SME success may enhance both economic and tourist growth, as well as how it may affect the socioeconomic and cultural development of the community and the experiences, general contentment, and propensity to return of visitors. It revealed numerous key findings which are presented in this chapter by dividing it into three- i.e., major findings related to SMEs, Tourists and localites. Furthermore, considering these findings suggestions were given to the SMEs, Government/Local Authorities/Tourism ministries. Overall, this chapter provides a detailed presentation of findings, suggestions and a conclusion.

PART – 1: ANALYSIS OF SME PERFORMANCE ON ECONOMIC DEVELOPMENT

This section addresses the key findings on the entrepreneurs' personal and business profile in the present study.

Personal Profile:

- First majority (32.3 percent) of the Entrepreneurs belonged to the age category of 36–45 years; secondly 28.8 percent of them are within the age group of 26-35 years.
- Most (55.0 percent) of the Entrepreneurs were male and remaining (45.0 percent) were female.

- As far as marital status of the respondents is concerned, majority (58.5 percent) of the entrepreneurs are married and 33.1 percent of entrepreneurs are single.
- Most (33.8 percent) of the entrepreneurs' mother tongue is Tulu, followed by 18.5 percent of them are Kannadigas and 13.5 percent of the entrepreneurs' mother tongue is Beary.
- Moreover, first majority (29.6 percent) of the entrepreneurs have the educational qualification up to PUC and 18.8 percent of the entrepreneurs' education qualification is up to SSLC.
- Moreover most (36%) of the entrepreneurs were from commerce and management background followed by economy/ finance law (29%). Further 19.35% of them had opted for tourism as a specialization in their higher education.
- When the entrepreneurs' were asked about their business education, most of them stated that they have done Apprenticeship (33.1 percent) and second majority (31.5 percent) of them trained vocationally. But 21.9 percent of them stated having no business training to run the enterprise.

Business Profile:

- As far as the legal status of the business is concerned, First majority (26.2 percent) of the entrepreneurs run business as Cooperative Limited; 23.8 percent of them run private company and 15.8 percent of the entrepreneurs have other businesses.
- 33.8 percent of the entrepreneurs bought an existing business, secondly 19.6 percent of the entrepreneurs completely started the new business and 18.8 percent of the entrepreneurs inherited a family business.
- When the entrepreneurs were asked on the place of doing business, first majority (19.2 percent) of the entrepreneurs have situated their business at Coorg and Mysore, second majority (14.2 percent) of the entrepreneurs stated at Subramanya, 13.1 percent of the entrepreneurs' business organisation is at Udupi and 12.7 percent of the entrepreneurs run their business at Dharmastala.
- 34.6 percent of the entrepreneurs are running their business for Less than 5 years, secondly 30.0 percent of them are running the business from 5 to 10 years, moreover, 27.3 percent of them for 10-15 years.
- When they were asked about the number of employees, First majority (28.5 percent) of the entrepreneurs have 3-6 employees, secondly 25.8 percent of them have more than 9 and 24.6 percent of them have less than 3.

- Most (35.4 percent) of the entrepreneurs keep their business open round the year but second majority (30.8 percent) of the entrepreneurs time of business opening is in Summer.
- As far as the type of visitors is concerned, first majority (30.4 percent) of the entrepreneurs state Families to be their visitors, 29.2 percent of them stating them to be seniors and moreover, 28.8percent of the entrepreneurs argue their visitors to be Couples.
- First majority (51.2 percent) of the entrepreneurs typical target markets is other state tourists; 27.7 percent of the typical target markets are Local within 100 km Other Provinces.
- Likewise, first majority (18.8 percent) of the entrepreneurs state, products/ activities that attract visitors to the area is Festivals/events; 18.5 percent of the entrepreneurs attracts the visitor by Agri-tourism; 15.8 percent of the entrepreneurs through Adventure, 15.0 percent of the entrepreneurs attract visitor by Theatre.
- Moreover, entrepreneurs highlighted various promotional measures to attract the visitors where, first majority (22.3 percent) of the entrepreneurs use Word of mouth and networking to promote their business, secondly 20.0 percent of the entrepreneurs use Website, moreover, 17.7 percent of the entrepreneurs use Social media (e.g. Facebook, Twitter) to promote their business.
- Most (45.4 percent) of the entrepreneurs learned the skills to run the business from parents/Adults; secondly 30.0 percent of them were Self-learned, and 24.6 percent of entrepreneurs had previous work experience.
- Furthermore, when they were asked on the importance of accessibility, first majority (41.2 percent) of the entrepreneurs stated accessible tourist market is Important, whereas 31.9 percent of them opined it as Very Important.
- Further they were asked about most demanded services, where accessible guided tours (35.4 percent) were found to be most demanded services, secondly 34.2 percent of them stated Accessible transport/Vehicles as most demanded services, moreover, 20.8 percent people's demand is Tasty Food.
- First majority (40.4 percent) of the entrepreneurs stated 0-25% of tourists on a day trip, secondly as per 36.9 percent of them, they get 25-50% of customers on a day trip.
- First majority (48.5 percent) of the entrepreneurs stated 25-50% of international day trip, secondly 36.9 percent of them get 0-25%, moreover, 9.6 percent of them

get 50-75%, and only few i.e. 5.0 percent of the entrepreneurs get 75-100% of tourists on an international day trip.

- First majority (43.8 percent) entrepreneurs overnight trip is 25-50%, secondly 41.9 percent of them is 0-25%, moreover, 11.9 percent of them is 50-75%,
- First majority (62.7 percent) entrepreneurs get overnight domestic day trip of 25-50%, Secondly 20.4 percent of them get 0-25%.
- First majority (43.8 percent) of the entrepreneurs overnight trip is 25-50%, secondly 41.9 percent of them get 0-25%, moreover, 11.9 percent of them get 50-75%, and only few i.e. 2.3 percent of them get 75-100% tourists on international overnight trip.

Contribution of SMEs in Tourism Development:

- Entrepreneurs agree that their enterprise is highly committed to engage more proactively in visitor management, biodiversity protection and conservation (M=4.0731).
- According to the lowest mean, the least agreed-upon contribution of SMEs in tourism development is the statement which says Portion of the turnover of their business is generally used towards maintenance of tourist service (M=3.8077).

Precautions taken up in the Tourism Business:

- Entrepreneurs further agree that Prior arrangements (M=4.1846), followed by Advance Payment (M=4.1462) are major precautions taken up in the tourism business.
- According to the lowest mean, Experienced escorts (M=3.8077) is the least agreed-upon precautions taken up in the tourism business.

Management Capabilities of Tourism Business:

- Entrepreneurs agree that their enterprise is successful at preparing and implementing tourism enterprise plans (M=4.1077).
- The statement which states that their enterprise is willing to face new challenges in tourism development (M=3.6692) is the least agreed-upon Management capabilities of tourism business.

Financial Capabilities of Tourism Business:

- Entrepreneurs agree that their tourism business has a greater market share compared to my competitors (M=4.0885).

- The comparatively least agreed statement in case of Financial capabilities of tourism business is that There is stronger growth in tourism sales revenue (M=3.6577).

Marketing Capabilities of tourism Business:

- Entrepreneurs agree that Efforts are being made in various media and communication to clarify the tourism picture of the state (M=4.3308).
- The comparatively least agreed-upon statement states that Distribution channel is used to make tourism products available and accessible to prospective tourists (M=4.0577).

Strategic Vision of Tourism Business:

- Entrepreneurs agree that seizing the opportunities to lead the company to success in the tourism business (M=4.2385) is the major strategic vision.
- Recognising tourism business opportunities (M=3.9423) is the comparatively least agreed-upon Strategic vision of tourism business.

Effectiveness of SME Tourism on Economic Development:

- Entrepreneurs agree that the Output multiplier (M=4.1885) is the major effectiveness of SME on economic development.
- Sales multiplier (M=3.8731) is the least agreed-upon effectiveness of SME tourism on Economic development.

External Challenges of Tourism Business:

- Entrepreneurs agree that the Instability of Consumer Demand (M=4.3500) are the major challenges of tourism business.
- Lack of Sign boards (M=4.1615) are the comparatively least agreed-upon External challenges of tourism business.

Internal Challenges of Tourism Business:

- Entrepreneurs agree that the Problem of marketing & Publicity (M=4.0923) is the major internal challenges of tourism business.
- High Insurance Rates/Premiums (M=3.9808) are the comparatively least agreed-upon Internal challenges of tourism business.

Changes in the Entrepreneur's Attitude & Character after setting up this Tourist Venture:

- Entrepreneurs agree that the Smoothness in the interpersonal relationships (M=4.3423) are the major changes in their attitude & character after setting up this tourist venture.
- Improvement in the Language & communication skills (M=4.1333) found to be the comparatively least agreed-upon changes in their attitude & character after setting up this tourist venture.

Advantages of Operating a Tourism Business in the Concerned Area:

- The SME entrepreneurs were asked to provide their opinion on Advantages of operating a tourism business in the concerned area. According to them Accessibility and Ambience of the place, attracting high tourists, Boosting the revenues, creating more jobs are the main advantages of operating a tourism business in the concerned area.

Environmental Concern Practised in Tour/Package:

- According to majority of the entrepreneurs, environmental concern is creating awareness among the public and using paper cups/plates, secondly not using plastic items, keeping dustbins in the vehicle and framing strict rules & regulations to preserve nature.

Remedial measures for successful implementation of tourism plans undertaken by the Government and local authorities:

- When the entrepreneurs were asked about the Remedial measures for successful implementation of tourism plans undertaken by the Government and local authorities, they stated that Government should Promote local tourism, Safe and successful tourism, must Give importance for the improvement of tourist places and Safe and successful tourism.

Key Findings on Hypotheses Testing:

Table 14: One-way ANOVA and Independent Sample t-test Results

Sl. No.	Dependent variable	Independent Variable	Significance	Result
H1: SME performance and economic development significantly varies with their personal and business profile.				
1.	SME Performance	***Personal Profile***		H1 is accepted
		Age Group	.002	
		Gender	.203	
		Marital Status	.286	
		Educational Qualification	.000	
		Higher Education	.003	
		Business Profile		
		Business Education	.001	
		Legal Status of Business	.231	
		Origination of Business	.000	
		Location of the Business	.740	
		Duration of Business	.007	
		No. of Employees	.171	
		Type of Business	.065	
		Time of Business Opening	.489	
		Type of Visitors	.003	
		Typical Target Markets	.014	
		Products/activities that attracts visitors	.020	
		Methods used to promote business	.000	
		Sources of Skills Learned	.037	
		Most Demanded Services	.000	
		Domestic Day Trip	.000	
		International Day Trip	.000	
		Domestic Overnight Trip	.000	
		International Overnight Trip	.000	
	Economic Development	***Personal Profile***		
		Age Group	.001	
		Gender	.730	
		Marital Status	.411	
		Educational Qualification	.000	
		Higher Education	.013	
		Business Profile		
		Business Education	.002	
		Legal Status of Business	.092	
		Origination of Business	.000	
		Location of the Business	.544	
		Duration of Business	.027	
		No. of Employees	.900	
		Type of Business	.555	

		Time of Business Opening	.234	
		Type of Visitors	.008	
		Typical Target Markets	.000	
		Products/activities that attracts visitors	.000	
		Methods used to promote business	.007	
		Sources of skills learned	.002	
		Most demanded services	.000	
		Domestic Day Trip	.000	
		International Day Trip	.000	
		Domestic Overnight Trip	.000	
		International Overnight Trip	.000	

Table 15: Key Findings on Correlation and Regression Analysis

Sl. No.	Independent Variable	Dependent Variable	Moderator	Test	Result
H2: Performance of SMEs highly contributes to Economic development.					
1	SME Performance	Economic Development	-	r=.803 p=.000	H2 is accepted
H3: Type of Business Moderate the Relationship between SME Performance and Economic Development.					
2	SME Performance	Economic Development	Type of business		H3 is accepted
			Hotels	β=0.832 p=.000	
			Spas and Ayurveda	β=0.9 p=.000	
			Cafes, Food, and Beverages	β=0.775 p=.000	
			Traveling and Guiding Agency	β=0.779 p=.000	
			Surfing and Diving	β=0.858 p=.000	
			Souvenirs and Handicrafts	β=0.776 p=.000	
H4: Internal and External challenges hinder the influence of SME performance on economic development.					
3.	SME Performance	Economic Development	Internal and External Challenges		H4 is accepted
			High	p=.000	
			Moderate	p=.000	
			Low	p=.000	

H5: Improvement in the SME performance has significantly influenced the attitude and character of entrepreneurs towards their tourism venture.					
4.	SME Performance	Attitude & Character	-	r=.524 p=.000	H5 is accepted
H6: SME Performance will have positive Impact on Tourism Development.					
5.	SME Performance	Tourism Development	-	r=.659 p=.000	H6 is accepted

PART 2 – ANALYSIS OF TOURISTS EXPERIENCE

Personal and Tourism Profile:

Second part of the key findings depicts the analysis of tourists experience, where the first attempt was to collect the personal and tourism profile of the tourists.

- As far as the gender of the tourist are concerned first majority (57.5 percent) of them are male, and remaining 42.5 percent of the tourists are female.
- First majority (51.0 percent) of the tourists are married and 42.0 percent of them are single.
- When it comes to the occupation of the tourists, first majority of them are Professionals (25.5 percent) followed by self-employed (23.5 percent), business man/woman (22.5 percent) and unemployed (11.5 percent).
- Majority (89.0 percent) of the tourists are Indians and remaining 11.0 percent of tourists are Foreigners.
- first majority (33.5%) of the tourists are undergraduates, secondly 27.5% of the tourists' education qualification is up to secondary level.
- First majority (27.5 percent) of the tourists have the monthly income of less than 20000, followed by 20.5 percent of tourists are paid between Rs.40000 to Rs.60000.
- 39.0 percent of the tourists travel with their friends and family and17.0 percent of them travel with their colleagues.
- Most (70.0 percent) of the tourists follow Self-made schedule, 18.5 percent of them go with an existing schedule from travel agency, and lastly 11.5 percent of them prefer Tailored schedule by travel agency.
- When they were asked about the budget for trip, 74.5 percent of them had a Budget of Less than 1,00,000, followed by 19.0 percent of them had a Budget between 1,00,000–2,00,000, and lastly 6.5percent of them had a budget of More than 2,00,000.

- First majority (40.0 percent) of the respondents' common purpose of travel is for Adventures and 36.0 percent of the respondents' common purpose of travel was Family Vacation.
- First majority (35.0 percent) of the respondents General length of trip is 3-5 days, followed by 28.5 percent of the respondents General length of trip is 1-2 days, 26.0 percent of the respondents General length of trip is A week.
- First majority (40.5 percent) of the respondents Spend 5000-10,000 on an average annually on a trip followed by 38.0 percent of the respondents Spend Up to 5000. Moreover, 15.0 percent of the respondents Spend 15,000-25,000 on an average annually on a trip.
- First majority (41.5 percent) of the respondents' Main interests in selecting a destination is Adventure, followed by 15.0 percent of them stateNight life, 14.0 percent of them state Nature, 13.0 percent of the respondents Main interests in selecting a destination is Culture.

Accessibility of SMEs in Traveling Area:

- Tourists agree that the Shops and Restaurants are near local tourist attractions (M=3.8950), followed by Opening hours of shops is convenient (M=3.8650), Shopping facilities are easily available (M=3.8500), and Adequate Road network and linkage (M=3.8250).
- Tourists showed comparatively low agreement level on Government effects are satisfactory (M=3.6950).

Socio-cultural Attractions of SMEs in Traveling Area:

- Tourists agree that the Local events and fairs conducted by the enterprises gives good experience (M=4.0400), followed by Historical-cultural heritage is quite attractive at that place (M=3.9650) and Attractive Religious values (M=3.9600).
- Tourists showed comparatively low agreement level on Local cultures are upheld by the enterprises (M=3.6950).

Public facilities (toilet, parking lots, and places of worship) of SMEs in Traveling Area:

- Tourists agree that the There is Water availability (M=3.9400), followed by There is Medical services (M=3.8800), There is Availability of public parking space (M=3.8750) and There is Availability of transportation modes (M=3.8750).
- Tourists showed comparatively low agreement level on Availability of public toilets (M=3.8300).

Food and Venue Facility of SMEs in Traveling Area:

- Tourists highly agree that the restaurants, stalls etc. provides delicious food (M=4.0250), followed by customer agree that reasonably priced food that is value-for-money (M=3.9300), Higher quality audio equipment and facilities (M=3.8600) and It provides Many varieties from different cultures (M=3.8450).
- Tourists showed comparatively low agreement level Stable power supply (M=3.8150).

Cleanliness of SMEs in Traveling Area:

- Tourists agree that the Quality of water is good (M=3.9500), followed by they Use environmental friendly materials (M=3.8450) and Sufficient rubbish bins are available (M=3.8400).
- Tourists showed comparatively low agreement level on SMEs go with Solid waste management (M=3.7150).

Services of SMEs in Traveling Area:

- Tourists highly agree that the Adequate promotions are given by the enterprises (M=4.1350), followed by Servers/sellers provide information in a polite manner (M=4.1150), Money withdrawal facility (ATM) (M=4.0600) and Mobile Banking facility (M=4.0550).
- Tourists showed comparatively low agreement level on Telecommunication facility being provided (M=4.0200).

Security of SMEs in Traveling Area:

- Tourists agree that this place is Secure from social crimes (M=3.8950), followed by Non-smoky environment (M=3.7850), There is Low noise level (M=3.7650) and this place is Secure from Drug trafficking (M=3.7350).
- Tourists showed comparatively low agreement level on place Not being crowded (M=3.6900).

Perception on Benefits of SME Tourism to the Society:

- Tourists agree that the SMEs in tourism sector enable Employment Generation. (M=3.9850), followed by It encourages rural development promotion (M=3.9550), It contributes to Image building (M=3.8750) and It Improves infrastructure (M=3.8000).
- Tourists showed comparatively low agreement level on it provides Tax Revenue to the Government (M=3.7850).

Overall Satisfaction of Tourists:

- Tourists agree that the Accessibility of shops (M=3.6450), followed by Public facilities (toilet, parking lots, and places of worship) provided by the enterprises (M=3.5550), Staffing services (M=3.5400), Services provided by SMEs (M=3.5400) and Internet/broadband/Wi-Fi services (M=3.5000).
- Information/visitor centres (M=3.4250) is the least agreed-upon Overall Satisfaction of customers.

Revisiting Intention of Tourists:

- Tourists agree that they would surely revisit the place for travelling. (M=3.7350), followed by Next time they would like to stay here for a long time (M=3.6600).
- The least agreed-upon Revisiting intention of customers is that they would surely recommend the place and shops, agencies, restaurants, stalls etc. to their friends, relatives and colleagues (M=3.5450).

Challenges of Tourists in Tourism:

- Tourists agree that the Cleanliness (M=3.9550) is most challenging, compared to Language difficulties (M=3.8150), Lack of qualified guide (M=3.8000) and Safety & Security (M=3.7800).
- The least agreed-upon Challenges of customers in tourism is Reliability (M=3.6950).

Desired Development in Tourism:

- Tourists agree that the Well-conditioned Roads (M=3.9550) followed by Accommodation (M=3.9150), Online service providers (M=3.9050) and Information avenues (M=3.8800) are the desired development in tourism.
- Hygiene & Sanitation (M=3.8150) is the least agreed-upon Desired development in tourism.

Measures to Solve Problems in Tourism:

- Tourists agree that the Maintaining Cleanliness (M=3.9850) followed by Putting sign boards (M=3.9050), providing basic facilities (M=3.8550) can be the solution.
- Appointment of qualified guides (M=3.7650) is the least agreed-upon Measures to solve problems in tourism.

Steps to be taken by the Government:

- Tourists agree that the Releasing funds for tourism (M=3.9600) followed by Liberalise the license to service providers (M=3.9050), Infrastructure Development (M=3.9000) and Investment in tourism sector (M=3.8650) are the steps that must be taken by the government.
- Incentives to tourism entrepreneurs (M=3.7727) is the least agreed-upon Steps to be taken by the Government.

KEY FINDINGS ON HYPOTHESES TESTING:

Table 16: One-way ANOVA and Independent Sample t-test Results

Sl. No.	Independent Variable	Dependent variable	Significance	Result
H9: The level of Challenges faced by the tourists significantly influence the Tourists experience, satisfaction, revisit intention and Tourist Development.				
1	Level of Challenges faced by the tourists	Tourists Experience	.000	H9 is accepted
		Satisfaction	.000	
		Revisit Intention	.000	
		Tourist Development	.000	

Table 17: Key Findings on Correlation and Regression Analysis

Sl. No.	Independent variable	Dependent Variable	Moderator	Test	Result
H7: Tourists experiences with SMEs have remarkable influence on their overall satisfaction.					
1	Tourists Experiences	Overall Satisfaction	-	r=.513 p=.000	H7 is accepted
H8: Revisit intention of tourists will have significant influence on Tourism Development.					
2	Revisit Intention	Tourism Development	-	r=.575 p=.000	H8 is accepted

PART 3 - IMPACT OF LOCALITES' VIEW ON THEIR SOCIO, ECONOMIC AND CULTURAL DEVELOPMENT THROUGH TOURISM

Personal Profile:

- First majority (51.0 percent) of the localites belong to the age category of 30-44, followed by 31.0 percent of them are up to 29 age group; and only few i.e. 18.0 percent of the localites belong to above 46 age category.
- 54.0 percent of the localites are male, and remaining 46.0 percent of the localites are female.

- First majority (56.5 percent) of the localites are married, followed by 39.0 percent of localites are single.
- First majority (52.0 percent) of the localites years of living is between 10-20 years, followed by 23.5 percent of them is less than 10 years, 14.0 percent of the localites year of living is between 20-30 years
- First majority have education qualification up tohigh school (27.5 percent) and second majority (26.5 percent) localites have the educational qualifications of elementary.
- First majority of the localites are self-employed (28.5 percent) followed by private employees (23.5 percent), business (16.0 percent) and others (14.0 percent).
- First majority (30.77 percent) of the locaites have petty shop. Furthermore second majority of the localites are working as a tourist guide (25.64%) and working in hotel business (25.64%). Lastly 17.95% of the localites are taxi drivers in the locality of tourism areas.

Strategies to Improve SME Tourism Activities in the District:

- 29.41% recommend Introducing Modern machines and technologies into SME to improve its performance. Second majority (28.61%) of the respondents state that promotion/marketing skills and networking is quite essential.

Perception on Standard of Living of Localites with respect to SME Tourism Development:

- Localites agree that the SME Tourism acts as Major Source of Income (M=4.1850), followed by SME Tourism provides an employment (M=4.1800), SME Tourism Increases Quality of Work Life (M=4.1350) and SME Tourism Provides employment (M=4.1150).
- The statement which says SME Tourism acts as major source of income (M=3.9950) is the least agreed-upon Perception on standard of living of localites with respect to SME Tourism development.

Perception on Market for the Local Product:

- Localites agree that it expands the market for sea products (M=4.1900), followed by It promotes indigenous products (M=4.1400) and it identify local talents (M=4.1150).
- The statement which says it enables innovation and research (M=3.9000) is the least agreed-upon Perception on market for the local product with respect to SME Tourism development.

Attitude and Behaviour of Localites with respect to SME Tourism Development:

- Localites agree that they would like the number of tourists who visit their locality to increase (M=4.2300) seems to be the highest rated statement.
- The statement which says they are in favour of a bigger touristic development in their locality (M=4.1550) is the least agreed-upon the Attitude behaviour of localites with respect to SME Tourism development.

Localites Awareness:

- Localites agree that after the development of tourism in their locality they are highly aware of social living style (M=4.2050), followed by after the development of tourism in their locality they are highly aware of Customs & Dress code (M=4.1300).
- The statement which says after the development of tourism in their locality they are highly aware of Buying Capacity (M=3.8000) is the least agreed-upon localites Awareness.

Economic Development due to SME Tourism Development:

- Localites agree that Tourism has attracted investment and spending (M=4.2950), followed by There is increase in our average income (M=4.1500).
- The statement which says Helpful in Reduction of Poverty (M=3.9050) is the least agreed-upon economic development due to SME Tourism development.

Social Development due to SME Tourism Development:

- Localites agree that Telecommunication facilities and Information facilities have improved in their region (M=4.3400), followed by Increased Standardization (M=4.3350), SME Tourism provided incentives for restoration of historical buildings and natural resources (M=4.3200).
- The statement which says Recognition in the Society (M=3.8250) is the least agreed-upon Social development due to SME Tourism development.

Cultural Development due to SME Tourism Development:

- Localites agree that More entertainment, exhibits, and other cultural and social activities through SME tourism is offered to the community also (M=4.1800), followed by SME in tourism improved local customs and ways of life (M=4.1500), There is Cultural exchange, Imitation of Habits and Participation in Fairs & Festivals after the development of SME tourism (M=4.1400).

- The statement which says It enables Preservation of a region's indigenous cultural history and revival of its arts, crafts, and architectural customs (M=3.7950) is the least agreed-upon Cultural development due to SME Tourism development.

Challenges Faced due to SME Tourism Development:

- Localites agree that Cleanliness issues (M=4.0750), followed by There is drastic increase in air, water and noise pollution in the region (M=4.0400), More crowding (M=4.0300) and There is rise in the inflation (M=4.0000) seems to be most challenging.
- The statement which says Social crime has increased after SME tourism development (M=3.8450) is the least agreed-upon the challenges faced due to SME Tourism development.

KEY FINDINGS ON HYPOTHESES TESTING:

Table 18: One-way ANOVA and Independent Sample t-test Results

Sl. No.	Independent Variable	Dependent Variable	Significance	Result
H11: Challenges faced by the localites significantly impacts their awareness, perception and socio, economic and cultural development.				
1	Challenges faced by the localites	Awareness	.000	H9 is accepted
		Perception	.000	
		Socio-Economic Cultural Development	.000	

Table 19: Major Findings on Structural Equation Modelling (SEM)

Sl. No.	Hypotheses	Relationship	Estimates	P	Result
1.	***H10: Localites' attitude towards tourism significantly enhances the impact of localites' perception on their socio, cultural and economic development.***	SD←P ED ← P CD ← P	.793	.000	H7 is accepted
		ATT ←P	.789	.000	
		SEC ← P	.462	.000	
		SEC ←ATT	.280	.000	
		Effect (Total)	.683	.000	
		Effect (Direct)	.462	.000	
		Effect (Indirect)	.221	.000	

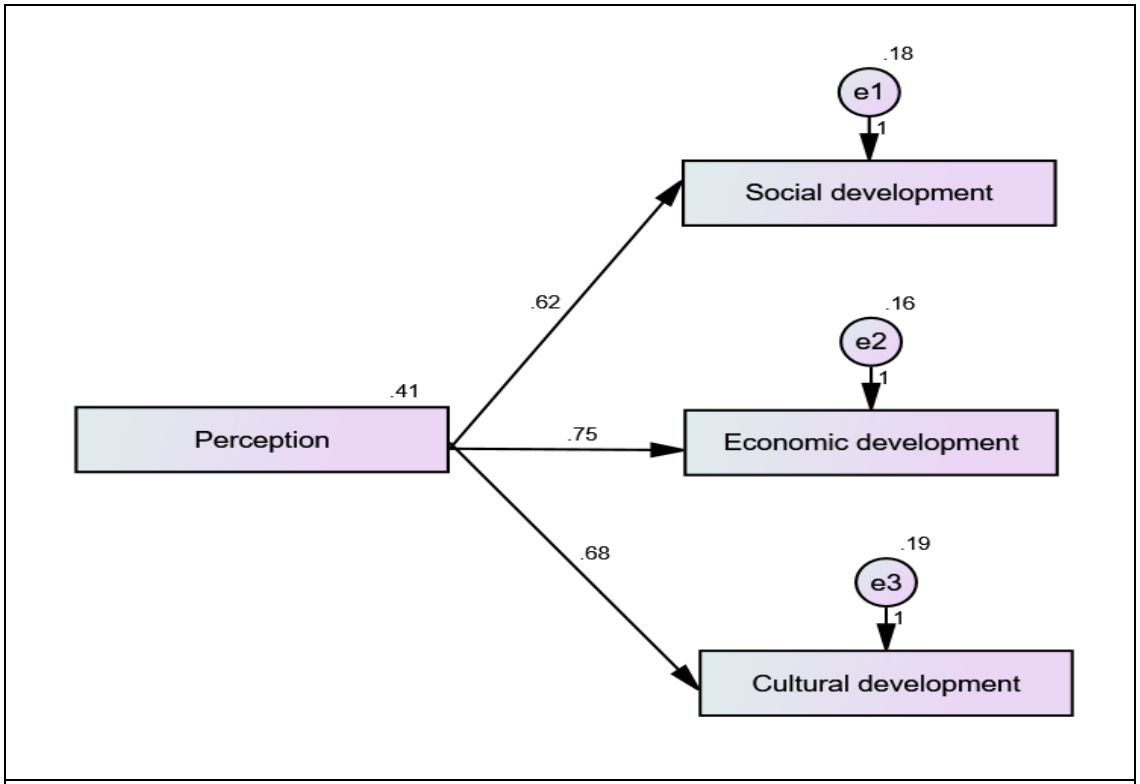

Figure 3: Influence of Localites' Perception on Socio-Economic Cultural Development

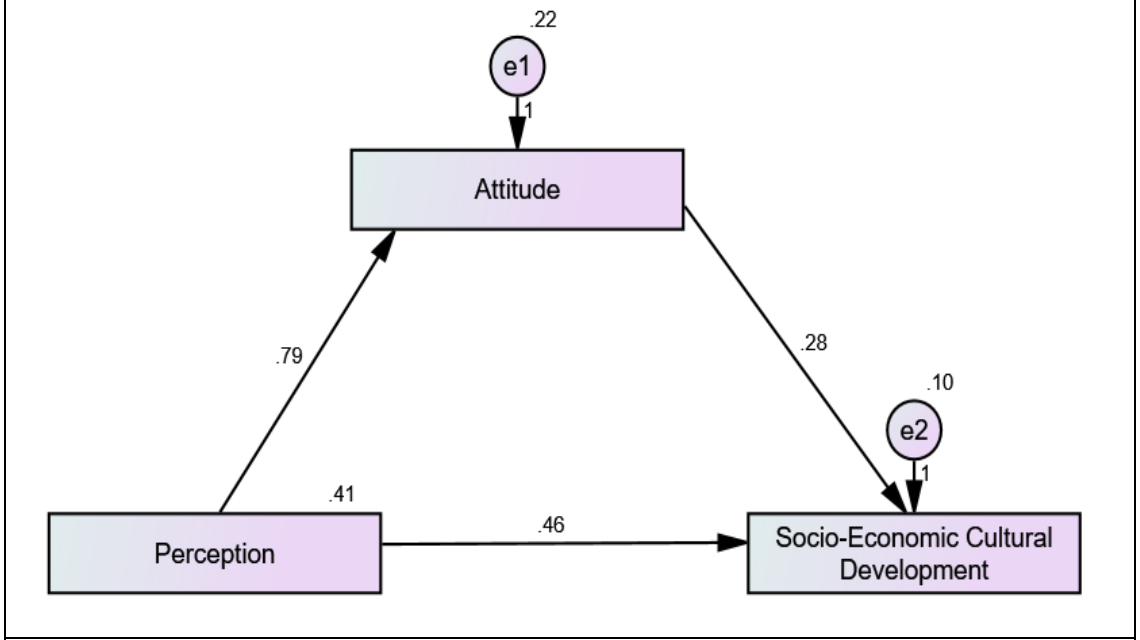

Figure 4: Localites' Attitude as a Mediator between their Perception and Socio-Economic Cultural Development

Note: SD=Social Development; ED=Economic Development; CD=Cultural Development; ATT=Attitude; SEC=Socio-Economic Cultural Development

18. SUGGESTIONS

Based the findings of the study suggestions have been given to SMEs, Tourists, Localites and Government/Local Authorities/Tourism Ministries.

SUGGESTION FOR SMEs:

- Results indicated that, the enterprise having Hotel business showed high SME performance (M=4.3431), therefore the budding SME entrepreneurs have further opportunity to start their hotel business.
- According to entrepreneurs heritage of the tourist place highly attracts the visitors showed high SME performance (M=4.3621), so sufficient effort should be taken by the Government to maintain that heritage. This also hints the business operators to start their enterprise in this heritage area.
- According to entrepreneurs the Website took a major role in promoting the business which showed high SME performance (M=4.3621), therefore further investment must be encourage to modify and develop the website to make it more attractive.
- Further the study also proved that Type of Business such as Hotels, Spas and Ayurveda, Cafes, food, and beverages, Traveling and guiding agency, Surfing and diving and Souvenirs and handicrafts Moderate the Relationship between SME Performance and Economic Development, hence this business should try to grow and expand their business to make it more attractive and encourage more tourist participation.
- Enterprises showing low level of internal/ external challenges showed high economic development (M=4.3065) and SME performance (M=4.2516) compared to enterprise facing high and moderate level of internal/external challenges, hence these challenges such as Instability of Consumer Demand (M=4.3500) and Problem of marketing & Publicity (M=4.0923) shall be smartly tackled with efficient business strategy such aggressive campaign and marketing tools.
- Results indicated that one unit of increase in financial capability as a SME performance leads to 32.7% increase in the tourism development, hence the SMEs shall minimise their cost and increase their financial capabilities by undertaking economies of scale in their business.
- In light of the aforementioned findings, it is advised that the business should operate as a conduit and point of contact between visitors and the local culture, helping to convey the unique qualities of the area.

- The SMEs must be flexible to offer customised goods and services.
- SMEs shall be a source of innovation and help to shape destination development.
- Public-private partnerships shall be promoted in order to support both current and emerging SMEs in the major coastal tourism areas.
- SMEs in the tourist industry need to set themselves apart from their rivals, change their business strategy, and quickly incorporate ICT into their organisational structure.
- ICTs offer tools that may be used to obtain information, understand consumer behaviour, make decisions, and plan, making the management of customer knowledge essential.
- In a digital world, SMEs have problems that include creating internal circumstances that help remove obstacles to technology adoption and use, as well as developing a value proposition that provides unique experiences for the target market.
- Tourists agree that the Cleanliness is most challenging in tourists places, therefore more attention should be given to cleanliness.
- Further tourists recommend Maintaining Cleanliness (M=3.9850) followed by Putting sign boards (M=3.9050), providing basic facilities (M=3.8550) can be the solution for tourism related problems.

Supplying technology for education and assistance of training to SMEs in the tourist sector Any SME can succeed if its proprietors or management pursue some kind of training. Many tourist SME managers might promote technological training to support the growth of start-ups and jobs. To run creative financial management, creation of resources, and new business planning, general training is required.

SUGGESTIONS FOR GOVERNMENT/LOCAL AUTHORITIES/TOURISM MINISTRIES:

- As per the findings, the least agreed-upon contribution of SMEs in tourism development is the statement which says Portion of the turnover of their business is generally used towards maintenance of tourist service, hence low rate of interest must be extended to these SMEs to recover the maintenance of services.
- Furthermore results depicted that entrepreneurs having vocational training as specialised business education showed high SME performance (M=4.1756), therefore vocational training must be provided to the students along with their basic education.

- According to entrepreneurs heritage of the tourist place highly attracts the visitors showed high SME performance (M=4.3621), so sufficient effort should be taken by the Government to maintain that heritage.
- From this study it is proved that Performance of SMEs highly contributes to Economic development, hence the tourism ministry shall take an effective measure to encourage the SMEs to continue their business and sustain for a long duration.
- By encouraging local entrepreneurs to develop hotels and other tourist-related businesses, the tourism ministry could reduce the loss of foreign currency.
- According to the types of suppliers and producers connected to the industry's demands, the ability of local suppliers to satisfy these requirements, the past history of tourism in the destination's areas, and the kind of tourism development, the tourism sector shall forge connections with local business owners.
- The government need to offer both financial and other assistance to SMEs. It provided financial assistance through loan programmes with interest subsidies, donor-funded refinancing programmes, and other credit programmes tailored to various sorts of SMEs.
- As tourists agree that the Well-conditioned Roads followed by Accommodation, Online service providers and Information avenues are the desired development in tourism, it should be implemented.
- As tourists showed comparatively low agreement level on Government effects are being satisfactory, hence Government should carry out extensive strategy to promote tourism.
- The government should also provide non-financial support, such as a programme to raise awareness among SMEs at the local level, business development services (BDSs), and technical assistance.
- The tourist ministries should start technical know-how, market knowledge and links, financing facilities, business growth services, and awareness programmes.
- It is strongly advised to encourage persons who have an interest in establishing a tourist industry-related SME in the research areas by giving them the appropriate training and start-up funding for their firm.
- Establishing a suitable method for evaluating the service that these SMEs offer is crucial to ensuring a high-quality experience for tourists.
- Governmental organisations and tourist SMEs should concentrate more on leadership. SME leaders should have access to training programmes, exchange programmes, seminars, and workshops to advance their leadership skills.

- The government must prioritise the enhancement of tourist destinations and Safe and Successful Tourism while promoting local tourism.
- Tourists recommend that the Releasing funds for tourism followed by Liberalise the license to service providers, Infrastructure Development and Investment in tourism sector are the steps that must be taken by the government.

19. CONCLUSION

In recent decades, small and medium-sized businesses have been recognised as a thriving sector of the Indian economy. In OECD, transitional, and developing countries, it accounts for a sizeable share of all businesses, generates a sizable amount of employment, and generates sizable amounts of domestic and export income. It also promotes the development of entrepreneurial abilities while creating employment and fostering industrial development in an economy. This study gave careful consideration to how SMEs, visitors, and locals noticed the many issues and limitations limiting the success of the tourism sector in the region. Further research also looked at how SME performance may improve both economic and tourism growth, as well as how it might influence locals' socioeconomic and cultural development and visitors' experiences, overall satisfaction, and intent to revisit. The results of the study illustrated the remarkable influence of personal and business profile on SME performance and economic development; further high SME Performance showed high contribution towards Economic development. But Internal and external challenges hinder the influence of SME performance on economic development. However, Improvement in the SME performance significantly influenced the attitude and character of entrepreneurs towards their tourism venture and also improved Tourism Development. The result concerning tourists experience also depicted that the level of Challenges faced by the tourists will have negative consequence on their experience, satisfaction, revisit intention and Tourist Development. Furthermore, the study also found that Tourists experiences with SMEs have remarkable influence on their overall satisfaction which further impacted their revisiting intention. Similarly Challenges faced by the localites also significantly impacted their awareness, perception and socio, economic and cultural development. It was also found that Localites' attitude towards tourism significantly enhances the impact of localites' perception on their socio, cultural and economic development. The results of this study provided a realistic recommendation to SMEs and

Government/Local Authorities/Tourism ministries for the further enhancement of tourism sector which further develops country economy.

20. SCOPE FOR FURTHER RESEARCH

- This study developed the models (i.e. for tourists, localites and SMEs), which was tested on the respondents residing in coastal Karnataka, hence, the similar study can be done with same model in other regions of the country.
- This study is mainly based on the opinion of tourists, localites and SMEs to assess the tourism development and economic development, further study can be conducted considering the pure secondary information to depict the tourism and economic development.

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CONFIRMATION

I hereby declare that this synopsis entitled **"THE IMPACT OF SMALL AND MEDIUM ENTERPRISES (MSEs) ON TOURISM DEVELOPMENT IN KARNATAKA"** is carried out by me under the guidance of Dr. Arabi U, Rtd. Professor, Department of Post Graduate Studies and Research in Economics, Mangalore University, Mangalagangothri-574199.

Research Scholar

(SAVITHA)

Date: _____

It is certified that this synopsis entitled **"THE IMPACT OF SMALL AND MEDIUM ENTERPRISES (MSEs) ON TOURISM DEVELOPMENT IN KARNATAKA"** is a bonafide record of work done by Savitha, under my guidance and supervision.

Research Guide

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